

Message Text

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ACTION AGR-08

INFO OCT-01 ARA-06 EA-07 ISO-00 AGRE-00 COME-00 AID-05

CEA-01 CIAE-00 EB-07 EUR-12 FRB-03 INR-07 NSAE-00

CIEP-01 SP-02 STR-04 TRSE-00 LAB-04 SIL-01 SAM-01

OMB-01 SS-15 NSC-05 /091 W
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R 240040Z SEP 76

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 2096

INFO USLO PEKING

AMEMBASSY TOKYO

AMEMBASSY BRASILIA

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FOR: AGRICULTURE, FAS, FCA, OILSEEDS & PRODUCTS DIVISION

FROM: AGRICULTURAL OFFICER

E.O. 11652: N/A

TAGS: EAGR, EEWT, ETRD, EPAP, CH, JA, BR

SUBJECT: PRC RESUMES SOYBEAN EXPORTS TO JAPAN

REF: (A) HONG KONG 8087; (B) HONG KONG 3626

1. HONG KONG TRADE SOURCES HAVE INFORMED AGOFFICER THAT PRC HAS "SUDDENLY" BEGUN OFFERING SOYBEANS TO JAPAN. REPORT 10,000 M.T. OFFERED FOR NOV/DEC SHIPMENT AT RMB 660 OR US\$353 FOB CHINESE PORTS. (OTHER TRADE SOURCES CLAIM SHIPMENT IS OCT/NOV AND IS OLD CROP.)

2. TRADE REPORTS THAT IN SPITE HIGH PRICES, JAPANESE WILL ACCEPT OFFER BOTH BECAUSE OF LACK OF PREFERRED CHINESE BEANS THIS YEAR AND ALSO TO KEEP CONNECTIONS HOPEING FOR CHINESE NEW CROP SUPPLIES.

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3. HONG KONG'S OUTH CHINA MORNING POST OF SEPT. 21 (TOKYO SEPT. 21 DATELINE AND QUOTING MITSUI) ALSO REPORTED SALE AND ADDED THAT TOTAL JAPAN IMPORTS OF PRC 1975 CROP SOYBEANS ESTIMATED AT 170,000 M.T. MITSUI BELIEVES THAT JAPANESE PLAN BID FOR 30-40,000 M.T. OF NEW CROP SOYBEANS AT COMING AUTUMN CANTON FAIR FOR SHIPMENT DECEMBER AND LATER BUT PREDICTS THAT JAPANESE MAY BE ABLE TO CONTRACT FOR "ONLY SLIGHTLY MORE THAN 20,000 M.T." AT FAIR WHICH OPENS OCT. 15. ARTICLE ALSO STATED THAT JAPANESE IMPORTS OF 30-40,000 M.T. OF U.S. SOYBEANS HAD BEEN NECESSARY BECAUSE OF SLOWDOWN IN IMPORTS FROM PRC.

4. COMMENT: PRIOR TO THIS OFFER, IT IS BELIEVED THAT CHINESE HAD SUPPLIED ONLY 5,000 M.T. (IN MAY) OF 100,000 M.T. UNDER APRIL-DEC. 1976 CONTRACT OF ALL-JAPAN MISO ASS'N (AJMA). NONE SHIPPED IN APRIL. JUNE-AUGUST RESULTS NOT KNOWN HERE BUT TRADE SOURCES CLAIM CHINA SHIPPED 72,172 M.T. OF SOYBEANS TO JAPAN IN JAN-MAY PERIOD. RESUMPTION OF PRC SOYBEAN EXPORTS TO JAPAN, ALTHOUGH ONLY SMALL QUANTITY AND SMALL PART OF CY 1976 COMMITMENT, IMPLIES THAT EARLIER DECISION TO REDUCE AND EVENTUALLY CEASE EXPORTS TO JAPAN PROBABLY WAS NOT BASED ENTIRELY ON PRC SUPPLY SITUATION.

5. CHINESE OFFERING PRICES "RMB 660 OR US\$353" REPRESENT 47- AND 53-PERCENT RESPECTIVE INCREASE IN SOYBEAN PRICES SINCE MARCH QUOTES OF "RMB 450 OR US\$231.16" (REF B). SINCE U.S. NO. 2 PRICES FOB GULF HAVE INCREASED BY APPROX. 45 PERCENT OVER SAME PERIOD, CHINESE PRICE OFFERS ARE RIGHT IN LINE WITH STRENGTHENING MARKET PRICES. (NOTE: THE TWO RMB-US\$ RATIOS IMPLY WEAKENING POSITION OF US\$ VIS-A-VIS RMB BETWEEN MARCH AND SEPTEMBER 1976; I.E. CHINESE APPEAR EQUATE RMB 1.00 WITH US\$0.514 IN MARCH AND US\$0.535 IN SEPTEMBER. THESE RATES, HOWEVER, DO NOT COINCIDE WITH US\$-RMB QUOTATIONS PUBLISHED BY NCNA HERE, WHICH SHOW LESS WEAKENING OF US\$-RMB VALUES (BUYING RATES) OF US\$0.5104 IN MID-MARCH AND US\$0.5243 ON 21 SEPTEMBER).

6. CHINESE CONTINUE TO EXPORT SOYBEANS TO HONG KONG, PROVIDING 13,000 M.T. OUT OF TOTAL HONG KONG IMPORTS OF 18,000 M.T. IN FIRST HALF CY 1976.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, SOYBEANS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976HONGK11143
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760361-1042
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760924/aaaaauee.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 HONG KONG 8087, 76 HONG KONG 3626
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2004 by ShawDG>; APPROVED <17 SEP 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRC RESUMES SOYBEAN EXPORTS TO JAPAN
TAGS: EAGR, EEWT, ETRD, EPAP, CH, JA, BR, HK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006